

Message Text

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ACTION NEA-05

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /013 W
----- 077012

R 250919Z MAR 74
FM AMEMBASSY KUWAIT
TO USDOC WASHDC
INFO SECSTATE WASHDC 9119
AMEMBASSY ABU DHABI
AMEMBASSY BEIRUT
AMEMBASSY JIDDA
AMEMBASSY TEHRAN

UNCLAS KUWAIT 1144

BEIRUT FOR LEFEAVER

E.O. 11652: N/A

TAGS: BMPE: KU

SUBJ: MAJOR TRADE OPPORTUNITY: KUWAIT TIRE FACTORY

REF: A) KUWAIT 1535 (1973) B) KUWAIT 2341 (1972)

1. LONG DORMANT PLANS FOR ESTABLISHMENT TIRE FACTORY IN KUWAIT ARE AGAIN BEING RESURRECTED. UNDER PRODDING FROM LOCAL MERCHANTS AND MINISTRY COMMERCE AND INDUSTRY, NATIONAL INDUSTRIES COMPANY (NIC), ORIGINAL PROJECT LICENSEE, HAS DECIDED TO SHARE OWNERSHIP IN PROPOSED VENTURE WITH SOME OF KUWAIT'S LARGE TIRE IMPORTERS.

2. COMPANY'S "FOUNDERS" HAVE BEEN MEETING AT INTERVALS SINCE FALL 73 AND HAVE RETAINED SERVICES OF A BRITISH CONSULTANT TO PREPARE A NEW FEASIBILITY STUDY AND HELP EVALUATE ANY PROPOSALS RECEIVED. AN EGYPTIAN FIRM DID ORIGINAL FEASIBILITY STUDY IN 1970 WHICH ENVISIONED A FACTORY PRODUCING 350,000 TIRES ANNUALLY WITH AN INITIAL INVESTMENT OF KD 5-8 MILLION. NOW, BRITISH FIRM IS WEIGHING ORIGINAL PLAN AGAINST POSSIBILITY CONSTRUCTING FACTORY CAPABLE TURNING OUT APPROXIMATELY A MILLION TIRES ANNUALLY AT COST OF KD 20 MILLION (KD 1 EQUALS \$3.38).

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3. NIC TECHNICAL ADVISOR, MISBAH ZAHLAN, TOLD COMMOFF THE

GROUP HAS BEEN IN TOUCH WITH CHARLES GAMBRILL OF GOODRICH WHO WAS IN AREA IN 1973 EXPLORING POSSIBLE SITES FOR GOODRICH PARTICIPATION IN SUCH AN ENTERPRISE IN MIDEAST. GAMBRILL HAD SAID COMPANY WOULD FURNISH KUWAITIS WITH THEIR STUDY ON PROJECT BY NOV 1973, BUT TELEXED NIC ON NOV 27, REGRETTING DELAYS AND PROMISING AN ANSWER BY EARLY JANUARY. SINCE THEN, ZAHLAN HAS NOT HEARD FROM GOODRICH INSPITE OF SEVERAL REQUESTS TO COMPANY.

4. WE REQUEST COMMERCE CONTACT GAMBRILL IN AKRON AND INQUIRE AS STATUS OF REPORT AND GOODRICH'S CURRENT INTEREST IN THIS PROJECT. IF GOODRICH NO LONGER SERIOUSLY INTERESTED, OTHER MAJOR TIRE MANUFACTURERS SHOULD BE ALERTED TO PROJECT'S REACTIVATION. FOR TEHRAN: PLEASE CONTACT MR. PETERSON AT LOCAL GOODRICH OFFICE AND INFORM US IF HE AWARE OF PROJECT. ZAHLAN INFORMS US HE HAS PREVIOUSLY HAD CONTACT WITH MR. PETERSON.

5. COMMENT: HISTORY OF THIS PROJECT MAKES US HESITANT TO FLATLY STATE WE BELIEVE KUWAITIS WILL FOLLOW THRU THIS TIME OR, AT LEAST, GIVE PROJECT SERIOUS CONSIDERATION. HOWEVER, PRESENTLY A NUMBER OF PROMINENT NEW PEOPLE ARE CONNECTED WITH PROJECT INCLUDING A LEADING MEMBER OF AL-SABAH FAMILY AND IT SEEMS LIKELY GROUP WILL PUSH AHEAD. ZAHLAN CLAIMS GROUP HAS HAD SERIOUS CONTACTS WITH SEVERAL NON-U.S. MANUFACTURERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT01144
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740063-0577
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740318/aaaaaqsf.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A) KUWAIT 1535 (1973) B) KUWAIT 2341
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUL 2002 by elbezefj>; APPROVED <11 DEC 2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR TRADE OPPORTUNITY: KUWAIT TIRE FACTORY
TAGS: BEXP, KU
To: COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005